

RESOLUTION NO. 128-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO APPROVING THE SERVICE PLAN FOR COLLEGE CREEK METROPOLITAN DISTRICT

WHEREAS, Section 32-1-204.5, C.R.S., provides that no special district shall be organized within a municipality except upon adoption of a resolution approving or conditionally approving the Service Plan of a proposed special district; and

WHEREAS, the City Council of the City of Colorado Springs, Colorado (the "City") passed Resolution No. 122-00 establishing a City Financial Policy Regarding the Use of Districts providing for certain financial and other limitations in the use of special districts as an available method in financing public infrastructure; and

WHEREAS, the City passed Resolution No. 9-06 repealing Resolution No. 122-00 and adopting a new policy to be applied to applications to create or modify a district authorized under Titles 31 and 32 of the Colorado Revised Statutes and adopting Model Service Plans to be used in establishing and modifying metropolitan districts (the "Policy and Model Service Plan"); and

WHEREAS, the City has considered the Service Plan for College Creek Metropolitan District (the "District") with the recommended maximum mill levies and all other testimony and evidence presented at the Council meeting; and

WHEREAS, it appears to the City Council that the recommended maximum mill levies and Service Plan should be approved as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the City Council.

Section 2. The City Council hereby finds and determines as follows:

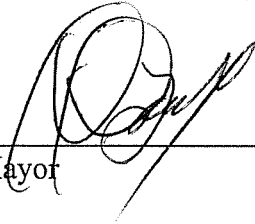
- a) There is a sufficient and existing and projected need for organized service in the area to be served by the District;
- b) The existing service in the area to be served by the District is not adequate for present and projected needs;
- c) The proposed District is capable of providing economic and sufficient service to the area within their boundaries.

Section 3. The Service Plan is hereby approved.

Section 4. In the event of any conflict between the City's Special District Policy and Model Service Plan and the Service Plan for College Creek Metropolitan District, then the terms and conditions of the City's Special District Policy and Model Service Plan shall prevail.

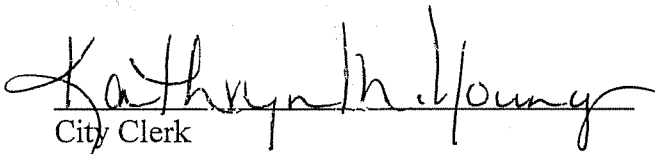
Section 5. This resolution shall be effective upon its approval by City Council.

Dated at Colorado Springs, Colorado, this 22nd day of August, 2006



Vice Mayor

ATTEST:



City Clerk

Law Offices of

Susemihl, McDermott & Cowan, P.C.

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July 12, 2006

City Clerk's Office
P.O. Box 1675
30 South Nevada Avenue
Colorado Springs, CO 80901
Hand Delivered

RE: College Creek Metropolitan District

Att: City Clerk:

Pursuant to your new policies please find 15 hardcopies of the Service Plan for College Creek Metropolitan District. We have not submitted a red-lined copy since there are no deviations from the model service plan. We also enclose the application fee of \$3,500.00 together with the transmittal form. These copies are also being electronically submitted to cityclerk@springsgov.com

Justification for Approval of the Plan. This is a service plan for the College Creek development. The District will be essential for the financing of municipal improvements both on-site and off-site. The District will also operate and maintain certain public improvements such as entrance features, some landscaping and park and recreation features.

Description of Development Plans. College Creek has approved development plans and the project is planned for a multi-use community containing residential and commercial development. This District will be a residential district although it may contain some commercial development.

Deviations from the Model Service Plan. There are none.

Sincerely,

SUSEMIHL, MCDERMOTT & COWAN, P.C.

Peter M. Susemihl

SERVICE PLAN
FOR
COLLEGE CREEK METROPOLITAN DISTRICT
IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

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July 12, 2006

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EXHIBIT B	Colorado Springs Vicinity Map
EXHIBIT C-1	Initial District Boundary Map
EXHIBIT C-2	Inclusion Area Boundary Map
EXHIBIT D	Description of Permitted Services to be Provided by the District
EXHIBIT E	Form of Disclosure to Purchasers of Property within the District

I. INTRODUCTION

A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements.

The District is not being created to provide ongoing operations and maintenance services other than those specifically set forth in Exhibit D to this Service Plan.

B. Need for the District.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the City Regarding District Service Plans.

The City's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation, and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for Residential Districts and at a tax mill levy no higher than the Maximum Debt Mill Levy for all Districts. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. Operational activities are allowed, but only as specified in Exhibit D to this Service Plan.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if any District has authorized operating functions under an intergovernmental agreement with the City, to retain only the power necessary to impose and collect taxes or fees to pay for these costs.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy in any District and which shall not exceed the Maximum Debt Mill Levy Imposition Term in Residential Districts. It is the intent of this Service Plan to assure to the extent possible that no property in any District bears an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount, and that no property in a Residential District bears an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a Master Plan and other more detailed land use approvals established by the City for identifying, among other things, Public Improvements necessary for facilitating the development of property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

Board: means the board of directors of one District.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which any District has promised to impose an *ad valorem* property tax mill levy.

City: means the City of Colorado Springs, Colorado.

City Code: means the City Code of the City of Colorado Springs, Colorado.

City Council: means the City Council of the City of Colorado Springs, Colorado.

Commercial District: means a District containing property classified for assessment as non-residential. This will be a residential district with some commercial property.

Debt: means any bond, note debenture, contract or other multiple year financial obligation of a District which is payable in whole or in part from, or which constitutes a lien or encumbrance on the proceeds of ad valorem property tax imposed by a District.

Debt to Actual Market Value Ratio: means the ratio derived by dividing the then-outstanding principal amount of all Debt of the District by the actual market valuation of the taxable property of the District, as such actual market valuation is certified from time to time by the appropriate county assessor.

District: means the College Creek Metropolitan District.

External Financial Advisor: means a consultant that: (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (3) is not an officer of the District.

Financial Plan: means the Financial Plan described in Section VI which describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes for the first budget year.

Inclusion Area Boundaries: means the boundaries of the area described in the Inclusion Area Boundary Map and none is contemplated for this District.

Inclusion Area Boundary Map: means the map attached hereto as Exhibit C-2, describing the [property proposed for inclusion.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as Exhibit C-1, describing the District's initial boundaries.

Maximum Debt Mill Levy: means the maximum mill levy of the District is permitted to impose for payment of Debt as set forth in Section VI.E below.

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a Debt Service mill levy in a Residential District as set forth in Section VI.F below.

Maximum Operating Mill Levy: means the maximum mill levy of the District is permitted to impose for payment of operating and maintenance expenses as set forth in Section VI. J below.

Project: means the development or property commonly referred to as College Creek.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Regional Improvements: means Public Improvements and facilities that benefit the Service Area and which are to be financed pursuant to Section VI below.

Residential District: means a District containing property classified for assessment as residential.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map.

Service Plan: means this service plan for the District approved by City Council.

Service Plan Amendment: means an amendment to the Service Plan approved by City Council in accordance with the City's ordinance and the applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

III. **BOUNDARIES**

The area of the Initial District Boundaries includes approximately 50 acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately 100 acres. A legal description of the Initial District Boundaries and the Inclusion Area Boundaries is attached hereto as Exhibit A. A map of the Initial District Boundaries is attached hereto as Exhibit C-1, and there is no map of the Inclusion Area Boundaries. A vicinity map is attached hereto as Exhibit B. It is anticipated that the District's Boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

IV. **PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION**

The Service Area consists of approximately 50 acres of residential and commercial land. The current assessed valuation of the Service Area is \$0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the District at build-out is estimated to be approximately 600 people.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

V. **DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES**

A. Powers of the District and Service Plan Amendment.

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The District shall not be authorized to operate and maintain any part or all of the Public Improvements after such dedication, including park and recreation improvements, unless the provision of such ongoing operation and maintenance is specifically identified in Exhibit D attached hereto. In the City's sole discretion, an IGA between the City and the District may be required in order to better describe the conditions under which these permitted services will be provided by the District. If the District is authorized to operate and maintain certain park and recreation improvements set forth in Exhibit D, any fee imposed by the District for access to such park and recreation improvements shall not result in non-District Colorado Springs residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with non-District Colorado Springs residents to ensure that such costs are not the responsibility of the District residents. All such fees shall be based upon the determination of the District imposing such fee that such fee does not exceed a reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District Colorado Springs residents free of charge.

2. City Charter Limitations. In accordance with Article 7-100 of the City Charter, the District shall not issue any Debt instrument for any purpose other than construction of capital improvements with a public purpose necessary for development.

As further set forth in Article 7-100 of the City Charter, the total Debt of any proposed District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council.

3. Use of Bond Proceeds and Other Revenues of the District Limitation. Proceeds from the sale of debt instruments and other revenues of the District may not be used to pay landowners within the District for any real property required to be dedicated for public use by annexation agreements or land use codes. Examples of ineligible reimbursements include, but are not limited to: the acquisition of rights of way, easements, water rights, land for prudent line drainage, parkland, or open space, unless consent from the City Council is given. Proceeds from the sale of debt instruments and other revenues of the District also may not be used to pay for the construction of any utility infrastructure except for those categories of utility infrastructure covered by utility tariffs, rules, and regulations. Additionally, if the landowner/developer constructs the public infrastructure and conveys it to the District in return for a reimbursement obligation from the District, prior to making such reimbursement for such amounts, the District must receive the report of an independent engineer or accountant confirming that the amount of the reimbursement is reasonable.

4. Recovery Agreement Limitation. Should the District construct infrastructure subject to a recovery agreement with the City or other entity, the District shall retain all benefits under the recovery agreement. Any subsequent reimbursement for public

improvements installed or financed by the District will remain the property of the District to be applied toward repayment of their Debt, if any. Any reimbursement revenue not necessary to repay the District Debt may be utilized by the District to construct additional public improvements permitted under the approved Service Plan.

5. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt for capital related costs, the District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The District shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City Council.

8. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

9. Initial Debt Limitation. On or before the date on which there is an Approved Development Plan, the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

10. Total Debt Issuance Limitation. The issuance of all bonds or other debt instruments of Districts shall be subject to approval of the City Council. The District shall not issue Debt in an aggregate principal amount in excess of \$20,000,000, provided that the foregoing shall not include the principal amount of Debt issued for the purpose of refunding or refinancing lawfully issued Debt.

11. Monies from Other Governmental Sources. The District shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

12. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City.

13. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy or, for Residential Districts, the Maximum Debt Mill Levy Imposition Term, shall be deemed a material departure from this Service Plan pursuant to Section 32-1-207, C.R.S. and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

14. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of an Approved Development Plan for the property within the District, the cost estimates and Financing Plan are sufficiently flexible to enable the District to provide necessary services and facilities without the need to amend this Service Plan as development plans change. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then-current Approved Development Plans for the property. Actions of the District which violate the limitations set forth in V.A.1-12 above or in VI.B-F. shall be deemed to be material departures from this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

15. Eminent Domain Powers Limitation. Currently, the District does not expect to use the power of eminent domain. The District shall not exercise the power of eminent domain except upon the prior written consent of the City.

B. Preliminary Engineering Survey.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the District, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the Approved Development Plan on the property in the Service Area and is approximately \$5,500,000.

The District shall be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in their discretion.

All of the Public Improvements described herein will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and shall be in accordance with the requirements of the Approved Development Plan. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the City's requirements, and construction scheduling may require. Upon approval of this Service Plan, the District will continue to develop and refine cost estimates contained herein and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of Debt and construction. All construction cost estimates assume construction to applicable local, State or Federal requirements.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay from revenues derived from the Maximum Debt Mill Levy and other legally available revenues, within the Maximum Debt Mill Levy Term for Residential Districts. The total Debt that the District shall be permitted to issue shall not exceed the Total Debt Issuance Limitation set forth in Section V.A.10 hereof, and shall be permitted to be issued on a schedule and in such year or years as the District determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all taxable property of the District. The District will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls,

penalties, or charges as provided in the Special District Act or other state statutes. No District will be allowed to impose a sales tax.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. The proposed maximum interest rate on any Debt is not expected to exceed 18%. The proposed maximum underwriting discount will be 5%. Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. No-Default Provisions.

Debt issued by a District shall be structured so that failure to pay debt service when due shall not of itself constitute an event of default or result in the exercise of remedies. The foregoing shall not be construed to prohibit events of default and remedies for other occurrences including, without limitation, (1) failure to impose or collect the Maximum Debt Mill Levy or such portion thereof as may be pledged thereto, or to apply the same in accordance with the terms of the Debt, (2) failure to impose or collect other revenue sources lawfully pledged to the payment thereof or to apply the same in accordance with the terms of the Debt, (3) failure to abide by other covenants made in connection with such Debt, or (4) filing by a District as a debtor under any bankruptcy or other applicable insolvency laws. Notwithstanding the foregoing, Debt will not be structured with a remedy which requires the District to increase the Maximum Debt Mill Levy in any District or, in Residential Districts, the Maximum Debt Mill Levy Imposition Term.

D. Eligible Bondholders.

All District bonds or other debt instruments, if not rated as investment grade, must be issued in minimum denominations of \$100,000 and sold only to either accredited investors as defined in Rule 501 (a) promulgated under the Securities Act of 1933 or to the developer(s) of property within the District.

E. Maximum Debt Mill Levy.

The "Maximum Debt Mill Levy" shall be the maximum mill levy a District is permitted to impose upon the taxable property of the District for payment of Debt, and shall be determined as follows:

1. The Maximum Debt Mill Levy shall be thirty (30) mills; provided that if, on or after January 1, 2006 there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board of the issuing District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. At such time as the Debt to Actual Market Value Ratio is equal to or less than three percent (3%), the Board of the District may request City Council approval for the right to pledge such mill levy as is necessary to pay the debt service on such Debt, without limitation of rate. At the time of such request, a majority of the Board must consist of homeowners owning property within the District. Once Debt has been determined to meet the above criterion, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, such District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in such District's Debt to Actual Market Value Ratio.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used in this Section VI. E. shall be deemed to refer to the District and to each such sub district separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this Section VI. E.

F. Maximum Debt Mill Levy Imposition Term.

The District shall not impose a Debt Service mill levy which exceeds forty (40) years after the year of the initial imposition of such Debt Service mill levy unless: (1) a majority of the Board of Directors of the District imposing the mill levy are residents of such District and (2) such Board has voted in favor of issuing Debt with a term which requires or contemplates the imposition of a Debt service mill levy for a longer period of time than the limitation contained herein.

G. Debt Repayment Sources.

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon various other revenue sources authorized by law. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy or the Maximum Debt Mill Levy Imposition Term.

H. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document

used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

I. Security for Debt.

No Debt or other financial obligation of the District will constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of any Debt or other financial obligation of the District. This will be clearly stated on all offering circulars, prospectuses, or disclosure statements associated with any securities issued by any District. The District shall not utilize the City of Colorado Springs' name in the name of the District.

J. Maximum Operating Mill Levy

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be \$20,000 which is anticipated to be derived from property taxes and other revenues.

The Maximum Operating Mill Levy for the payment of the District operating and maintenance expenses shall be ten (10) mills; provided that if, on or after January 1, 2006, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such operating and maintenance expenses may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2006 are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

K. Developer Financial Assurances.

The mere existence of the District will not be considered a substitute for financial assurances required under applicable City land use ordinances and regulations.

VII. ANNUAL REPORT

A. General.

Each District shall be responsible for submitting an annual report to the Director of the City's Budget Department no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued. The District may cooperate in the creation and submittal of the report, provided the presentation of information in the report clearly identifies the applicable information pertaining to each District.

B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
2. Intergovernmental agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.
3. Copies of the District's rules and regulations, if any, as of December 31 of the prior year.
4. A summary of any litigation which involves the any District's Public Improvements as of December 31 of the prior year.
5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The assessed valuation of the District for the current year.
8. Current year budget including a description of the Public Improvements to be constructed in such year.
9. Audit of the District financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.
10. Notice of any uncured events of non-compliance by the District under any Debt instrument, which continue beyond a ninety (90) day period.
11. Any inability of the District to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.
12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

VIII. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

IX. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District

regarding the Maximum Debt Mill Levy, as well as a general description of the District' authority to impose and collect rates, fees, tolls and charges. The form of notice shall be substantially in the form of Exhibit E hereto; provided that such form may be modified by the District so long as a new form is submitted to the City prior to modification. Within 90 days of District formation, the District will record the approved Disclosure form with the El Paso County Clerk and Recorder against all property included in the District and provide a copy to the City Clerk's Office.

X. CONCLUSION

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S., and Section 122-35 of the City Code, establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries; and
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
5. Adequate service is not, and will not be, available to the area through the City or County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
6. The facility and service standards of the District are compatible with the facility and service standards of the City within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.
7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.
8. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area.
9. The creation of the District is in the best interests of the area proposed to be served.

EXHIBIT A

LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 21, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE 6TH P.M., AND ALSO BEING A PORTION OF ELKHORN ACRES SUBDIVISION, AS RECORDED IN PLAT BOOK Y AT PAGE 26, NOW VACATED, SAID VACATION RECORDED IN PLAT BOOK N-2 AT PAGE 30 OF THE EL PASO COUNTY RECORDS AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF A TRACT OF LAND DESCRIBED IN BOOK 5280 AT PAGE 816 OF THE RECORDS OF SAID EL PASO COUNTY, SAID POINT IS ON THE NORTH-SOUTH CENTER LINE OF SAID SECTION 21, THENCE N 89 DEGREES 52'59" W ON THE NORTH LINE OF SAID TRACT RECORDED IN BOOK 5280 AT PAGE 816, A DISTANCE OF 97.56 FEET TO A POINT OF CURVE; THENCE CONTINUING ON SAID NORTH LINE ON A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 45 DEGREES 00'00", A RADIUS OF 368.00 FEET FOR A DISTANCE OF 289.03 FEET; THENCE S 45 DEGREES 07'01" W ON SAID NORTH LINE AND ITS WESTERLY EXTENSION, A DISTANCE OF 155.03 FEET TO A POINT OF CURVE; THENCE ON SAID CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 56 DEGREES 58'20", A RADIUS OF 432.00 FEET FOR AN ARC DISTANCE OF 429.56 FEET; TOWNSHIP N 77 DEGREES 54'39" W A DISTANCE OF 50.76 FEET; THENCE S 57 DEGREES 05'21" W A DISTANCE OF 14.68 FEET TO THE EAST RIGHT-OF-WAY LINE OF FEDERAL DRIVE AS SHOWN ON THE PLAT OF FAIRLANE TECHNOLOGY PARK FILING NO. 1 RECORDED IN PLAT BOOK E-5, AT PAGE 216; THENCE N 77 DEGREES 54'39" W ON THE BOUNDARY OF SAID FILING NO. 1, A DISTANCE OF 64.00 FEET TO THE EAST LINE OF LOT 1; SAID FAIRLANE TECHNOLOGY PARK FILING NO. 1, THE FOLLOWING (5) COURSES ARE ON THE EAST BOUNDARY OF SAID LOT 1; THENCE (1) N 12 DEGREES 05'21" E A DISTANCE OF 89.00 FEET TO POINT OF CURVE; (2) ON SAID CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 41 DEGREES 59'14", A RADIUS OF 317.48 FEET FOR AN ARC DISTANCE OF 232.65 FEET; (3) N 29 DEGREES 53'53" W A DISTANCE OF 80.13 FEET TO A POINT OF CURVE; (4) ON SAID CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 31 DEGREES 00'00", A RADIUS OF 932.00 FEET FOR AN ARC DISTANCE OF 504.26 FEET (5) N 01 DEGREES 06'07" E A DISTANCE OF 119.38 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF INTERQUEST PARKWAY AS DESCRIBED AT RECEPTION NO. 99027022 OF THE RECORDS OF SAID EL PASO COUNTY, THE FOLLOWING SEVEN (7) COURSES ARE ON SAID SOUTH RIGHT-OF-WAY LINE; (1) S 89 DEGREES 19'17" E A DISTANCE OF 74.33 FEET; (2) N 57 DEGREES 38'45" E A DISTANCE OF 56.07 FEET; (3) S 89 DEGREES 03'39" E A DISTANCE OF 66.74 FEET TO A POINT OF CURVE; (4) ON SAID CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 12 DEGREES 55'35", A RADIUS OF 1022.50 FEET FOR AN ARC DISTANCE OF 230.69 FEET; (5) N 71 DEGREES 04'08" E A DISTANCE OF 123.62 FEET TO A POINT OF CURVE; (6) ON SAID CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 49 DEGREES 55'09", A RADIUS OF 1015.00 FEET FOR AN ARC DISTANCE OF 884.32 FEET; (7) N 21 DEGREES 08'59" E A DISTANCE OF 46.59 FEET TO THE NORTH-SOUTH CENTER LINE OF SAID SECTION 21; THENCE S 00 DEGREES 06'59" W ON SAID NORTH-SOUTH CENTER LINE A DISTANCE OF 1393.98 FEET TO THE POINT OF BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
ROCKWELL MINCHOW CONSULTANTS, INC.
1873 AUSTIN BLUFFS PARKWAY
COLORADO SPRINGS, COLORADO 80918

LEGAL DESCRIPTION

That portion of the west half of Section 21, Township 12 South, Range 66 West of the 6th P.M., and also being a portion of Elkhorn Acres Subdivision, as recorded in Plat Book Y at Page 26, now vacated, said vacalion recorded in Plat Book N-2 at Page 30 of the El Paso County records and more particularly described as follows:

Bearings are based on the east line of said west half of Section 21, Township 12 South, Range 66 West of the 6th P.M. assuming said east line bears S00°06'59"W.

TRACT 1 - PARCEL A

COMMENCING at the southeast corner of a tract of land described in Book 5280 at Page 816 of the records of said El Paso County, said point is on the north-south center line of said Section 20; thence along the south and west lines of said tract of land, the following two (2) courses: 1) N89°52'59"W, a distance of 300.00 feet; 2) N44°52'59"W, a distance of 212.13 feet to the POINT OF BEGINNING; thence N89°52'59"W, a distance of 162.35 feet; thence S45°07'29"W, a distance of 496.19 feet; thence N59°06'10"W, a distance of 179.70 feet to the southerly Right-of-Way line of Federal Drive as shown on the plat of Fairlane Technology Park Filing No. 1 recorded in Plat Book E-5 at Page 216 of said El Paso County records; the following two (2) courses are along the east line of said Fairlane Technology Park Filing No. 1: 1) along the arc of a non-tangent curve to the left, having a radius of 1532.00 feet, a central angle of 17°24'23" for an arc length of 465.42 feet, chord bears N20°47'32"E; 2) N12°05'21"E, a distance of 142.15 feet; thence N57°05'21"E, a distance of 14.68 feet; thence S77°54'39"E, a distance of 50.76 feet; thence along the arc of a curve to the left having a radius of 432.00 feet, a central angle of 56°58'20" for an arc length of 429.56 feet, chord bears N73°36'11"E; thence N45°07'01"E a distance of 24.62 feet to the northwest corner of said tract of land recorded in Book 5280 at Page 816 of said El Paso County records; thence S00°07'01"W, along the west line of said tract of land, a distance of 446.00 feet to the POINT OF BEGINNING containing 5.02 acres more or less.

TRACT 1 - PARCEL B

BEGINNING at the southeast corner of a tract of land described in Book 5280 at Page 816 of the records of said El Paso County, said point is on the north-south center line of said Section 20; thence S00°06'59"W on said north-south center line, a distance of 398.00 feet to the northeast corner of Pendleton Subdivision as recorded in Plat Book N-2 at Page 31 of the records of said El Paso County; thence southwesterly along the northerly line of said subdivision the following five (5) courses, thence (1) S89°50'42"W a distance of 168.46 feet; (2) S21°08'07"W a distance of 118.25 feet; (3) S42°29'31"W a distance of 410.95 feet (4) along a non-tangent curve to the left having a central angle of 180°00'00", a radius of 50.00 feet for an arc distance of 157.08 feet, the chord of said curve bears S79°21'47"W; (5) S42°29'05"W a distance of 249.62 feet to the southeast corner of Lot 2, Fairlane Technology Park Filing No. 4A as recorded at Reception No. 202048839 of the records of said El Paso County; thence N47°32'06"W on the east line of said Lot 2, a distance of 100.00 feet; thence N42°29'05"E, a distance of 214.83 feet; thence along the arc of a non-tangent curve to the right, having a radius of 150.00 feet, a central angle of 92°06'41" for an arc length of 241.15 feet, chord bears N58°37'06"E; thence N42°29'31"E, a distance of 295.65 feet; thence N00°06'59"E, a distance of 458.50 feet to the south line of said tract of land described in Book 5280 at Page 816 of the records of said El Paso County; thence S89°52'59"E along the south line of said tract of land a distance of 300.00 feet to the POINT OF BEGINNING containing 4.75 acres more or less.

TRACT 1 - PARCEL C

COMMENCING at the southeast corner of a tract of land described in Book 5280 at Page 816 of the records of said El Paso County, said point is on the north-south center line of said Section 20; thence N89°52'59"W, along the south line of said tract of land described in Book 5280 at Page 816, a distance of 300.00 feet to the POINT OF BEGINNING; thence S00°06'59"W, a distance of 458.50 feet; thence S42°29'31"W, a distance of 295.65 feet; thence along the arc of a non-tangent curve to the left, having a radius of 150.00 feet, a central angle of 92°06'41" for an arc length of 241.15 feet, chord bears S58°37'06"W; thence S42°29'05"W, a distance of 214.83 feet to the northeast line of Lot 2 of Fairlane Technology Park Filing No. 4A as recorded at Reception No. 202048839 of said El Paso County records; thence N47°32'06"W (N47°30'55"W record) along said northeast line of Lot 2, a distance of 694.79 feet to the southerly Right-of-Way line of Federal Drive as shown on the plat of Fairlane Technology Park Filing No. 1 recorded in Plat Book E-5 at Page 216 of said El Paso County records; thence along said southerly Right-of-Way line of Federal Drive the following three (3) courses: 1) along the arc of a non-tangent curve to the left, having a radius of 1632.00 feet, a central angle of 02°26'05" for an arc length of 69.35 feet, chord bears N32°18'23"E; 2) N31°05'21"E, a distance of 322.00 feet; 3) along the arc of a curve to the left, having a radius of 1532.00 feet, a central angle of 01°35'37" for an arc length of 42.61 feet, chord bears N30°17'32"E; thence S59°06'10"E, a distance of 179.70 feet; thence N45°07'29"E, a distance of 496.19 feet; thence S89°52'59"E a distance of 162.35 feet to the west line of said tract of land described in Book 5280 at Page 816 of said El Paso County records; thence S44°52'59"E, along the west line of said tract of land, a distance of 212.13 feet to the POINT OF BEGINNING, containing 15.39 acres more or less.

prepared for an on behalf of Rockwell Consulting, Inc.
by Gary Adams, PLS #24300 registered in the State
of Colorado.

JOB NO. 02-014

FILE: 02014EXA.DWG
DATE: 1/29/04

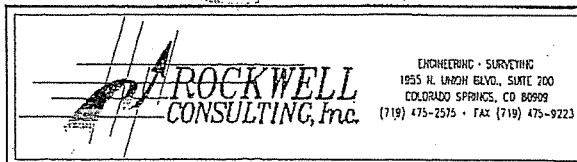
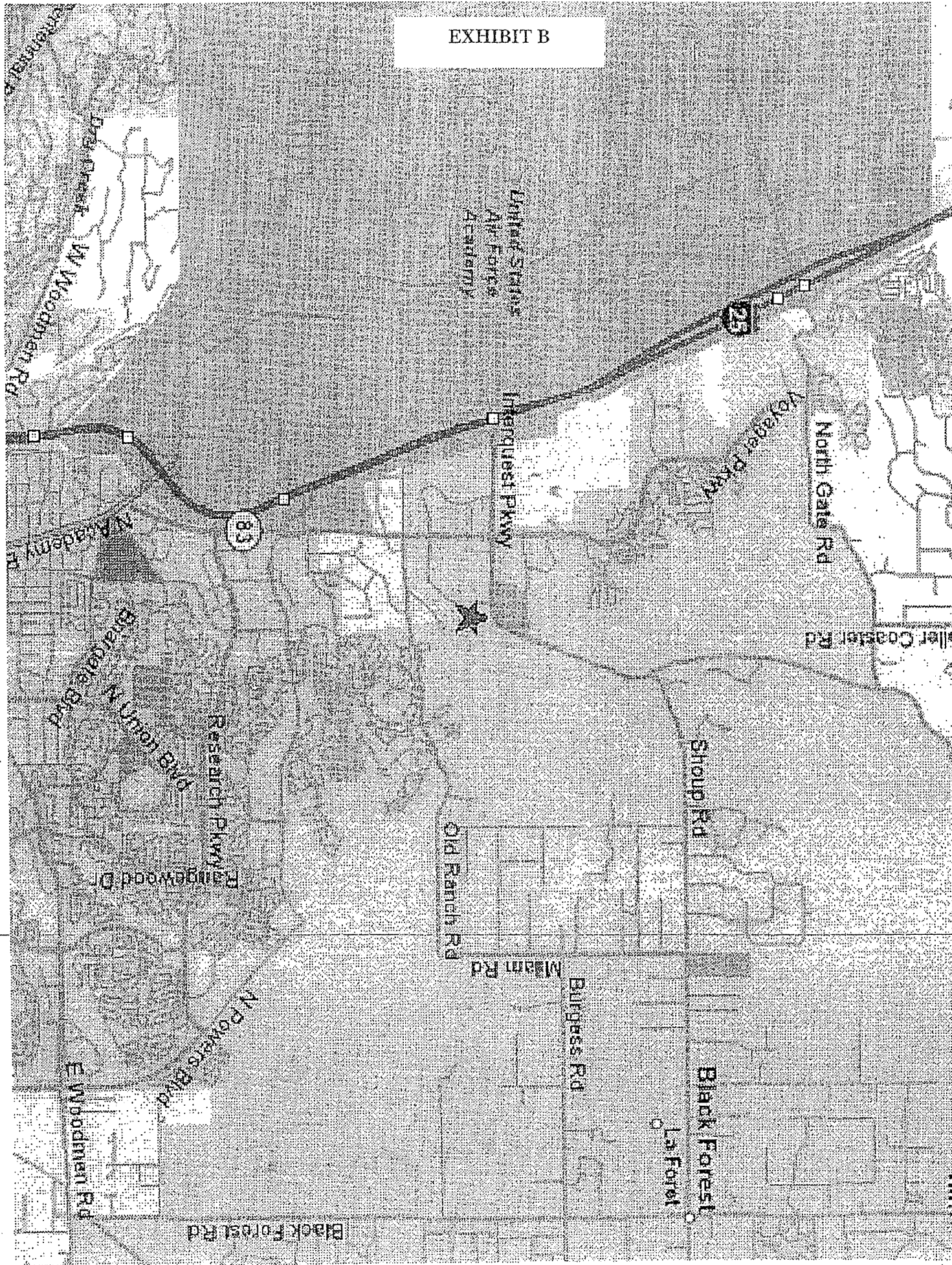


EXHIBIT B



Long Star
Air Force
Academy

Interquest Pkwy

North Gate Rd

Shoup Rd

Black Forest

La Forest

83

25

Black Forest Rd

E Woodman Rd

A Powers Blvd

Hamdenwood Dr

Research Pkwy

Shoup Blvd

N Academy St

W Woodman Rd

Old Ranch Rd

Miami Rd

Burgess Rd

Miller Coastal Rd

Wagon Road

EXHIBIT D

Summary and Description of Permitted Services to be Provided by the Districts

DESCRIPTION OF SERVICES

IGA REQUIRED

Operation and maintenance services related to entrance features,
Parks, landscaping, street trees and streetscapes

No